

**MINUTES OF THE JOINT PUBLIC EDUCATION APPROPRIATIONS
SUBCOMMITTEE
FRIDAY, FEBRUARY 7, 2003
ROOM 129, STATE CAPITOL BUILDING**

Members Present: Sen. Howard Stephenson, Co-Chair
 Rep. Gordon E. Snow, Co-Chair
 Sen. James Evans
 Sen. Karen Hale
 Sen. Lyle Hillyard
 Sen. Bill Wright
 Rep. Doug Agard
 Rep. Duane Bourdeaux
 Rep. Judy Ann Buffmire
 Rep. LaVar Christensen
 Rep. David N. Cox
 Rep. Marda Dillree
 Rep. Glenn Donnelson
 Rep. John Dougall
 Rep. James Ferrin
 Rep. Karen Morgan

Staff Present: R. Michael Kjar, Legislative Fiscal Analyst
 Ben Leishman, Legislative Fiscal Analyst
 Nedra Duzett, Secretary

Public Speakers Present: Steve Laing, Supt., USOE

Visitor List on File

Committee Co-Chair Sen. Stephenson called the meeting to order at 2:13 p.m.

1. Approval of Minutes - No minutes were approved.
2. Budget Discussion - Committee members were asked to look at a worksheet prepared by sub-committee members of the Republican Caucus. Sub-Committee members of the Democratic Caucus distributed a blue worksheet with their proposals.

Mike Kjar, Fiscal Analyst, reviewed the Republican Caucus worksheet with a Plan A and Plan B. He explained that Plan A is the methodology by which the \$18.1 million shortfall would be covered. Plan B would be a methodology of covering some of the shortages in the Minimum School Program.

Sen. Stephenson pointed out the big difference in the two proposals is the Democrat proposal for a \$50 million tax increase under either H.B. 183 or H.B. 256, and an \$8.5 million property tax through the basic rate freeze.

Rep. Morgan said there is a bi-partisan effort on H.B. 183 and Sub. H.B. 256, and both sides are hopeful that one of the bills will be passed. She commented that the Democrats do not feel it is a tax increase, but rather they see it as removal of an exemption.

Rep Morgan clarified the proposal for the Schools for the Deaf and the Blind. She said their intention was to restore the cuts made at the sixth special session of \$217,300 and to take care of the teacher salary increase of \$256,800. The intention was to fund these two items out of the \$510,000 base budget cuts. If there are funds from other sources, the \$510,000 would be restored.

Sen. David Steele spoke on the Republican proposal to cut one-half of the state appropriation for adult education. He distributed spread sheets showing the number of adult students by district, and the number of diplomas/GEDs earned by adult students. The numbers were translated into the increased income earned by those individuals and the amount of income tax revenue that would be generated.

Sen. Steele pointed out that on a state average 50% of adults who participate in adult education are unemployed, and the other 50% are under employed. The largest service now being provided is helping people obtain adequate language skills.

The proposal suggests that additional fees may be charged to make up the difference. Sen. Steele indicated that fees are currently charged. The state average is about \$250.00 for adult education services.

3. Agency Comment - Kim Burningham, chairman, Utah State School Board, recognized the members of the State Board of Education who were present. He distributed a paper with names of the board members, their current professions and previous experience. Mr. Burningham said the State Board acknowledged the difficult situation faced by the committee. He referred to the goal of improving competencies in students. He urged the committee to give all the support possible to Alternative Language Services, Interventions for Student Success, and Quality Teaching programs. Mr. Burningham said that now may be the time to make revenue adjustments, such as the removal of the freeze on the basic rate, or even increase the gas tax.

Patrick Ogden, Assoc. Supt., USOE distributed two handouts, a spreadsheet with the distribution of cuts to the school districts, and an explanation of the spreadsheet. He explained what the cuts would do to the individual school districts, and stated that it is not an equitable cut over all the districts.

Supt. Ogden explained the reasons USOE has asked for increased funding for Professional Staff Growth, Administrative Cost Growth, and Necessarily Existent Small Schools Growth. The Professional Staff Program is driven by pupil growth, and it is estimated there will be 4,800 new students. Administrative Cost Growth has added Charter Schools to the program, so extra funding is needed. The Necessarily Small Schools has a decline in enrollment, and as these schools lose enrollment, they actually require additional funding. Mr. Ogden stated that if the appropriations committee doesn't fund the growth in these three line items, they have not fully funded public education growth.

Steve Laing, Supt., USOE, spoke on the budget recommendations of the USOE printed on goldenrod sheets distributed to the committee. He stated that the reductions that have been made by the sub-committee are of such a nature that for the board to identify any specific program is not appropriate, but rather it is more appropriate to look at additional revenues. The board encourages freezing the basic rate, and recommended additional revenue of \$14,409,300. Their recommendation is that Public Education not be cut, but the Legislature continue with their commitment to do so and look to generate additional revenues.

Supt. Laing said the USOE is advocating that the reductions come in areas that are generally distributed to districts in a manner where there is the greatest degree of flexibility on how the funds are spent. Some of the specific programs in the districts differ because of the targeted nature of the population they serve.

4. Governor's Office Comment - There was no comment from the governor's office.
5. Public Comment - Rod Crockett, Applied Technology Education director, Provo City School District, spoke on behalf of all Applied Technology directors within the forty school districts. He referred to the proposed cut of \$2 million for ATE. Mr. Crockett said reducing ATE add-on funds by \$2 million or a four percent reduction is unfortunate and seems to ignore the reality that students perform better and stay in school when they believe their course work is applicable to their wider community and relevant to their future endeavors. Enrollment in ATE secondary programs across the state is increasing, along with the cost of maintaining the programs. These conditions are particularly true in three highly technical training areas: business education, information technology, and medical health technology. Add-on funds pay the operating costs of the Comprehensive Guidance program. Making funding cuts in ATE program will force many school districts to cut programs. Mr. Crockett asked the committee to reconsider actions in cutting \$2 million to ATE programs.

Pat Rusk, president, Utah Education Association, commented on the Professional Staff Growth program. She said there are many mandates coming that are associated with the

“No Child Left Behind”, and the Professional Staff Growth money specifically helps teachers gain the skills they need to meet the new mandates. Ms. Rusk asked the committee not to balance the budget out of the teacher’s specific line item affecting every classroom teacher personally. She said the UEA encourages the committee to consider revenue options such as freezing the basic property rate, and also to consider that there is a great deal of Class A waste in the west desert that could be taxed to help alleviate part of the problem.

Sen. Stephenson reminded the audience that the committee does not have the authority to make the kinds of revenue enhancements that had been advocated in the meeting. The committee charge from Executive Appropriations Sub-committee is to make the allocations within the parameters they have given.

Steve Norton, representing Utah School Superintendents, and the Utah School Boards Association, distributed a resolution recommending that the Utah State Legislature consider a minimal increase to the Basic Minimum Tax Rate in order to hold current district funding harmless and to fund inflationary cost increases. The resolution recommended that if additional funding cuts are necessary, that those reductions be distributed proportionally across all of Utah’s publicly funded schools while allowing each district the flexibility to make budget cuts suitable to each school district’s program.

Bruce Williams, Asst. Supt. and Business Administrator, Davis School District, pointed out that the resolution proposes a minimal tax increase in order to hold districts harmless as far as their funding is concerned and then help them to cover inflationary increases. A spreadsheet with an analysis of what rate increase would be necessary to raise \$10 million was distributed.

6. Committee Discussion and Action - The committee addressed the issue of how to make adjustments to the budget.

MOTION: Sen. Wright moved that the committee adopt Plan A on the white sheet, and cap the School Trust Lands at \$8 million this year.

Sen. Wright recommended that during the interim the School Trust Lands cap be studied and a proposal made for a permanent cap.

Sen. Hillyard asked that the motion be divided.

Rep. Snow made a substitute motion.

SUBSTITUTE MOTION: Rep. Snow moved to adopt Plan A, less line 46, revenue on non-lapsing balances, and line 47 expenditure, Teacher Supplies & Materials) and include

an additional \$80,000 for the POPS program, \$50,000 to Arts, Inc. and \$30,000 to Living Planet to be funded from the non-lapsing fund on a one-time basis.

Sen. Hale asked for the substitute motion to be divided.

The first part of the divided motion, was as follows: Adopt plan A from the white sheet except for lines 46 and 47.

The substitute motion passed with Rep. Morgan, Rep. Bourdeaux, Rep. Buffmire, Sen. Hale and Sen. Evans voting against the motion.

The second part of the divided substitute motion was as follows: Include an additional \$80,000 for the POPS program, \$50,000 to Arts, Inc. and \$30,000 to Living Planet, to be funded from the non-lapsing fund on a one-time basis.

The motion passed unanimously in the House and the Senate.

MOTION: Sen. Hillyard moved to have committee co-chairs ask the Executive Appropriations Committee to look for one-time money of \$5 million to fund Teacher Supplies and Materials.

The motion passed unanimously in the House and the Senate.

Sen. Stephenson said the appropriation committee has met their commitment to the Executive Appropriations Committee by adopting the plan to deal with the \$22.8 million.

Sen. Hillyard distributed a document prepared by Mike Kjar, Fiscal Analyst. The document detailed the increased funding of all the school districts over the last ten years and the enrollment during those years. He encouraged committee members to look at it in response to allegations that funding for public education has been cut. The document shows that funding has been substantially increased for public education far more than the level of growth. Sen. Hillyard remarked that when people see this spreadsheet, they are amazed at how much additional funds have been given to public education in that time period.

Rep. Buffmire encouraged Sen. Stephenson and Rep. Snow to request that Executive Appropriations consider holding the basic tax levy for the purpose of providing extra money for public education.

7. Adjourn - **MOTION:** Sen. Wright moved to adjourn at 4:25 p.m.

Minutes prepared by Nedra Duzett, Secretary.

Sen. Howard Stephenson, Committee Co-Chair

Rep. Gordon Snow, Committee Co-Chair